DOCUMENT RESUME

ED 270 138 JC 860 270

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TITLE Should Your College Start a Center for the Delivery of Contract Training Programs? ERIC Digest.
INSTITUTION ERIC Clearinghouse for Junior Colleges, Los Angeles, Calif.
SPONS AGENCY Office of Educational Research and Improvement (ED), Washington, DC.
PUB DATE Mar 86
CONTRACT 400-83-0039
NOTE 6p.
PUB TYPE Viewpoints (120) -- Information Analyses - ERIC Information Analysis Products (071)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Community Development; *Economic Development; *Job Training; Labor Education; *School Business Relationship; *Trade and Industrial Education; Two Year Colleges; Vocational Education; *Vocational Training Centers
IDENTIFIERS *Contract Training Centers; ERIC Digests

ABSTRACT

Community colleges have been at the forefront in providing contract training programs for clients such as businesses, health care organizations, and government agencies. Many state governments are beginning to provide resources for these programs as an incentive to attract or retain business and industry. One of the consequences of the demand for and growth of contract training programs has been a heightened interest in creating special centers to market and deliver these programs. The advantages of creating separate centers include the enhanced image and public relations value of having a specialized organizational unit; their income-generating potential; and the provision of new opportunities for faculty to broaden their experience. Unfortunately, the rapid growth of contract training centers may also lead to some significant problems (e.g., lack of instructors qualified to competently and professionally represent the college, inability of the college to provide materials and facilities that meet corporate expectations, and staff resistance). To maximize benefits and minimize problems, institutions interested in establishing such centers should consider the following issues: (1) college staff must carefully analyze the role and goals of a center for contract training; (2) there is a need to develop separate advisory structures for representatives from businesses and the college; (3) center staff should have a strong business background; and (4) the college needs to develop policies regarding center profits and retained earnings. (RO)

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ERIC DIGEST

UNIVERSITY OF CALIFORNIA, LOS ANGELES

March 1986

ED270138

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The Growing Interest in Contract Training

One of the most important trends in higher education over the past decade has been the increased linkages between colleges and other organizations, especially those linkages with business corporations. A principal form of linkage, and one that seems to hold enormous potential as a future force in higher education, is contract training. This development has been driven by the recognition that more effective attention to human resource development is an imperative if organizations are to remain competitive.

Community colleges have been at the forefront in providing contract training programs, though four-year institutions are showing an increased level of interest and activity in contractual arrangements. A recent study by Deegan and Drisko (1985) found that 70 percent of a representative national sample of community colleges is actively engaged in providing contract training programs. The programs tend to be offered at the job site (65%) and not for college credit (60%). The principal clients are businesses (69%), health care organizations (14%), and government agencies (13%).

In addition, many state governments are beginning to provide resources for these programs as an incentive to attract or retain business and industry. The North Carolina Legislature appropriates funds to the State Board of Community Colleges for a variety of contract programs (Kopecek and Clarke, 1985). In New York, more than 450 companies were served by 345 contract courses in the first two years of a new contract training program established in 1981. A 1983 law in Iowa offers incentives to businesses that use community colleges to train employees for new jobs. Iowa officials hope to attract 4,000 new jobs to that state in 1985 (Chronicle of Higher Education, January 30, 1985, p. 3).

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The "Center" Concept

As a consequence of the demand for and growth of contract training programs, there has been a heightened interest in creating special "centers" to market and deliver these programs. These "centers" may be called by various names such as "management center" or "business institute," but the concept remains the same. By creating separate centers to market and deliver contract training programs, colleges can capitalize upon the enhanced image and public relations value of having a specialized organizational unit. Most corporate representatives also like the idea of dealing with a single center rather than working with several units of the college for different contract programs (the decentralized model). A contract training center usually has an executive director, some clerical and support staff, and a cadre of part-time instructors who are available to teach on a contract fee basis. A few centers may even have additional professional staff to handle what are essentially sales and marketing activities. Many centers also may have a board of directors or an advisory board made up of business leaders. The income-generating potential of centers for contract training is significant and, in many large cities, it seems to offer enormous possibilities. One of the centers reviewed in the study by Deegan and Drisko (1985) had grown 75 percent in four years and was generating over one million dollars in income in 1985.

Potential Benefits and Problems of Creating and Expanding Contract Centers

Contract training centers may offer significant benefits over and above the income they generate. The potential to improve the image of the college and enhance relationships with the powerful and important business community is significant. Contract training programs may also lead to (1) new opportunities for full-time faculty to broaden experience; (2) donations or sharing of expensive equipment; or (3) new ideas for curriculum development and student job placement opportunities.

Unfortunately, the rapid growth of contract training programs and centers may also lead to some significant problems. Finding qualified instructors who will competently and professionally represent the college can be problematic, especially if programs are expanded too rapidly and do not allow for adequate recruitment and screening. If this is the case, a college may find that contract training programs do more harm than good. In addition, the college may have significant problems in responding to corporate needs quickly and in providing materials and facilities that match corporate expectations. Another problem is resistance among full-time staff who may believe that contract training programs and centers water down traditional academic offerings and unnecessarily drain college resources.

Considerations in Creating a Center

In response to the question "should your college start a center to deliver contract training programs?", the answer is yes, but only if a number of significant policy issues are thoroughly analyzed. The potential benefits of contract training centers have already been reviewed, and the contributions

to the economic development of the community and the nation outweigh the potential problems. However, college administrators thinking of starting a management center should carefully consider the following issues in order to help maximize the benefits and minimize the problems:

1) College Staff Must Carefully Analyze the Role and Goals of a Center for Contract Training

Unfortunately, many colleges embark on contract training programs without effectively reviewing the potential impact of these programs on institutional mission, values or reward systems. Many programs grow in an ad hoc or piecemeal fashion that can lead to the same kinds of problems that some corporations experience when they expand too quickly. College personnel need to ask the classic question "what business are we really in?" They need to consider the place and priority of contract training programs within the total college plan as well as the kinds of "risk capital" that the college is willing to allocate to support contract training programs and centers during the early stages when costs exceed income. Agreement on target results expected after one, three and five years (and provision of adequate resources to meet those targets) will help in the development and management of an effective contract training center; it will also foster a critical analysis of the role the center will play in the future of the college.

2) There is a Need to Develop Separate Advisory Structures for Representatives from Business and the College

A necessary complement to the lay advisory board is the creation of a separate board consisting of faculty and administrators from the college. Many centers do not have these kinds of boards, yet they can be especially helpful in clarifying roles and opportunities for the college, in conducting evaluation programs, in heading off problems, and in winning support and involvement from full-time staff who may become involved in center activities. It is not likely that representatives from business will want to spend a great deal of time on internal college concerns. Their contributions will be most helpful in developing and marketing programs. The creation of two advisory boards may be time consuming, but it may pay rich dividends once policy and program structures are in place.

3) Center Staff Should Have a Strong Business Background

Business executives often have stereotyped impressions of the academic world -- impressions that are not always favorable to potential contract training providers. An ideal executive director of a center for contract training should have experience in both business and education. Center directors need to be especially skilled in understanding the needs of business, in negotiating contracts, and in being a good manager and public relations person. While any personnel decision is an individual one, strong consideration should be given to recruiting someone who can most effectively relate to the business world. That may require some extra investment in salary, but it is an investment that should be made.

4) College Staff Need to Develop Policies on Center Profits

Colleges starting contract training centers should establish policies regarding profits and retained earnings. Staff need to decide whether to pursue a uniform profit margin or to charge what the market will bear for contracts. They also need to consider what to do with profits -- return them to the central budget, retain them in the contract training center, or devise some sharing arrangement. The sharing of profits may be the most attractive concept because it provides an incentive for staff to generate business and share in the rewards of successful contracts. Shared profits can be used for equipment, travel or center expansion costs. Profits could also be shared with staff in a bonus or merit pay system; but while this might provide a strong incentive for center staff, it might create problems with other units of the college. Issues related to profit margins and the distribution of profits are explosive ones that should be the subject of careful policy analysis before centers are started. Otherwise, administrators may create dissatisfaction within their own staffs as well as with their clients.

Conclusion

The development of separate centers to market and deliver contract training programs is an idea that is currently gaining a great deal of attention at colleges across the country. Along with opportunities, separate centers may present some serious problems. Careful considerations of the issues raised in this article can help provide an important focus on critical decisions that should be made as future directions in contract training are contemplated.

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JUL 3 1986